

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

# **VILLAGE OF LAKEVIEW**

Montcalm County, Michigan

## **FINANCIAL STATEMENTS**

February 28, 2007

# VILLAGE OF LAKEVIEW

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## INDEPENDENT AUDITORS' REPORT

To the Honorable President and  
Members of the Village Council  
Village of Lakeview, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Lakeview as of and for the year ended February 28, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Lakeview's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Lakeview as of February 28, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2007 on our consideration of the Village of Lakeview's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lakeview's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Berthiaume & Co.*

May 2, 2007

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Lakeview, we offer readers of the Village of Lakeview's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 28, 2007. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and the notes to the financial statements.

### Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Village of Lakeview's financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements:

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the Village's net assets and how they have changed. Net assets – the difference between the Village's assets and liabilities – are one way to measure the Village's financial health.

The government-wide financial statements of the Village are divided into three categories:

**Governmental Activities** – Most of the Village's basic services are included here, such as the public safety, public works, and general administration. Property taxes, State-shared revenue, charges for services, grants, and transfers provide much of the funding.

**Business-type Activities** – The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are included here.

**Component Unit** – The Village includes the Downtown Development Authority in its report.

### Fund Financial Statements:

The fund financial statements provide more detailed information about the Village's most significant funds – not the Village as a whole. Funds are accounting tools that the Village uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. The Village Council establishes other funds to control and manage money for particular purposes.

The Village has two kinds of funds:

**Governmental Funds** – Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out, and the balance left at year end that is available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

***Proprietary Funds*** – Services to which the Village charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like government-wide statements, provide both short- and long-term financial information.

### Financial Highlights:

- Assets of the Village exceeded its liabilities at the end of the fiscal year by \$4,562,742 (net assets), an increase of \$342,244 from the previous year. Of the \$4.6 million reported in net assets, approximately \$1 million may be used to meet the ongoing obligations to citizens and creditors (unrestricted net assets).
- Net assets of our governmental activities increased \$303,651, or 12.5 percent, while net assets of our business-type activities increased \$38,593, or 2.2 percent.
- The General Fund reported a net decrease in fund balance of \$11,849 for the year. This resulted in a year end fund balance of \$300,887. Of this amount, \$294,418 is unreserved and undesignated, or 38.9 percent of General Fund expenditures.
- The Village received a pass through grant from the State of Michigan for \$171,251 for the construction of a terminal building at the airport. This grant required a local match of 2.5%.

### Government-wide Financial Analysis:

A portion of the Village's net assets reflects unrestricted net assets which are available for future operation while a significant portion represents its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire or construct these assets that is still outstanding. The Village uses these assets to provide services to its citizens; thus, these assets are not available for spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
<b>Assets:</b>						
Current assets	\$ 883,392	\$ 775,849	\$ 668,082	\$ 687,977	\$ 1,551,474	\$ 1,463,826
Capital assets	<u>1,874,015</u>	<u>1,710,420</u>	<u>2,696,243</u>	<u>2,701,841</u>	<u>4,570,258</u>	<u>4,412,261</u>
Total assets	<u>2,757,407</u>	<u>2,486,269</u>	<u>3,364,325</u>	<u>3,389,818</u>	<u>6,121,732</u>	<u>5,876,087</u>
<b>Liabilities:</b>						
Other liabilities	16,970	51,291	69,536	86,622	86,506	137,913
Long-term liabilities	<u>8,484</u>	<u>6,676</u>	<u>1,464,000</u>	<u>1,511,000</u>	<u>1,472,484</u>	<u>1,517,676</u>
Total liabilities	<u>25,454</u>	<u>57,967</u>	<u>1,533,536</u>	<u>1,597,622</u>	<u>1,558,990</u>	<u>1,655,589</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	1,710,420	1,710,420	1,232,243	1,190,841	2,942,663	2,901,261
Restricted	463,665	332,343	109,000	109,000	572,665	441,343
Unrestricted	<u>557,868</u>	<u>385,539</u>	<u>489,546</u>	<u>492,355</u>	<u>1,047,414</u>	<u>877,894</u>
Total net assets	<u>\$ 2,731,953</u>	<u>\$ 2,428,302</u>	<u>\$ 1,830,789</u>	<u>\$ 1,792,196</u>	<u>\$ 4,562,742</u>	<u>\$ 4,220,498</u>



Net assets of the Village increased by \$342,244 with both the governmental activities and business-type activities showing additions to prior year balances. The governmental activities increase in net assets of \$303,651 was primarily the result of a grant received from the State of Michigan for construction of a terminal building at the airport.

The following depicts the changes in net assets for 2007 and 2006:

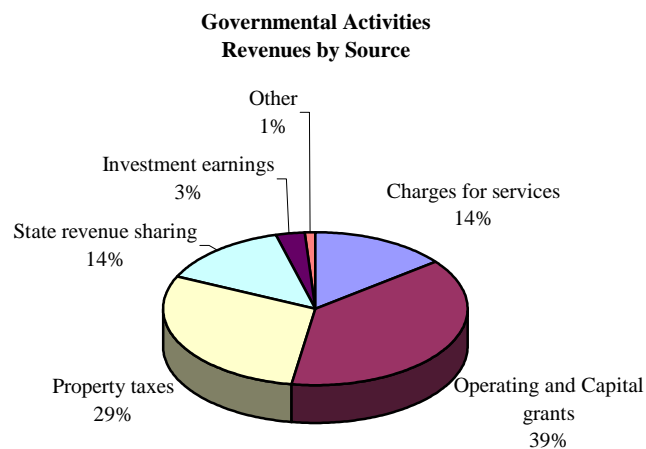
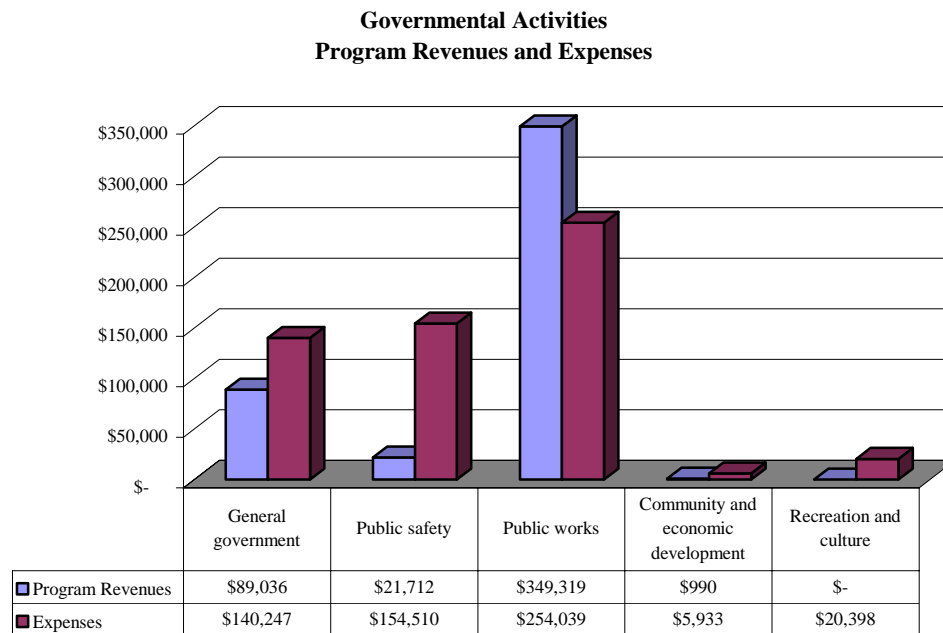
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 126,629	\$ 111,372	\$ 369,916	\$ 452,042	\$ 496,545	\$ 563,414
Operating grants	123,700	116,579	-	-	123,700	116,579
Capital grants	210,728	355,805	44,530	246,558	255,258	602,363
General revenues						
Property taxes	258,814	249,722	-	-	258,814	249,722
Franchise taxes	3,036	3,275	-	-	3,036	3,275
State revenue sharing	121,508	123,738	-	-	121,508	123,738
Investment earnings	27,573	17,609	24,809	17,643	52,382	35,252
Miscellaneous	6,790	2,666	7,920	9,353	14,710	12,019
Total revenues	<u>878,778</u>	<u>980,766</u>	<u>447,175</u>	<u>725,596</u>	<u>1,325,953</u>	<u>1,706,362</u>
<b>Expenses:</b>						
General government	140,247	168,469	-	-	140,247	168,469
Public safety	154,510	134,260	-	-	154,510	134,260
Public works	254,039	202,984	-	-	254,039	202,984
Community and economic development	5,933	5,243	-	-	5,933	5,243
Recreation and culture	20,398	12,829	-	-	20,398	12,829
Sewer	-	-	242,716	338,019	242,716	338,019
Water	-	-	165,866	163,053	165,866	163,053
Total expenses	<u>575,127</u>	<u>523,785</u>	<u>408,582</u>	<u>501,072</u>	<u>983,709</u>	<u>1,024,857</u>
Excess of revenues over expenses before other	<u>303,651</u>	<u>456,981</u>	<u>38,593</u>	<u>224,524</u>	<u>342,244</u>	<u>681,505</u>
<b>Other items:</b>						
Gain on sale of capital assets	-	11,014	-	-	-	11,014
Total other items	<u>-</u>	<u>11,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,014</u>
<b>Change in net assets</b>	<b>303,651</b>	<b>467,995</b>	<b>38,593</b>	<b>224,524</b>	<b>342,244</b>	<b>692,519</b>
Net assets, beginning of year	<u>2,428,302</u>	<u>1,960,307</u>	<u>1,792,196</u>	<u>1,567,672</u>	<u>4,220,498</u>	<u>3,527,979</u>
Net assets, end of year	<u>\$ 2,731,953</u>	<u>\$ 2,428,302</u>	<u>\$ 1,830,789</u>	<u>\$ 1,792,196</u>	<u>\$ 4,562,742</u>	<u>\$ 4,220,498</u>

# VILLAGE OF LAKEVIEW

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental activities:

During the year, the Village continued its emphasis in public safety by investing \$154,510 or 26.9% of governmental activities expenses. Public works, which includes major and local street maintenance was \$254,039 or 44.2% of governmental activities expenses while general government, community and economic development and recreation and culture made up the remaining 28.9% of governmental activities expenses.

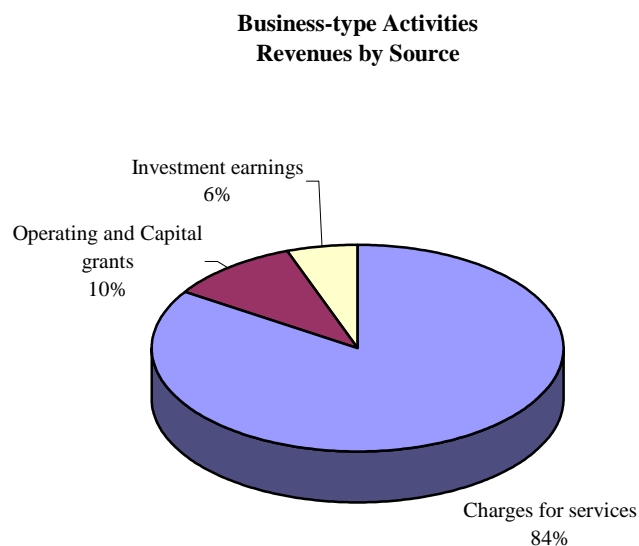
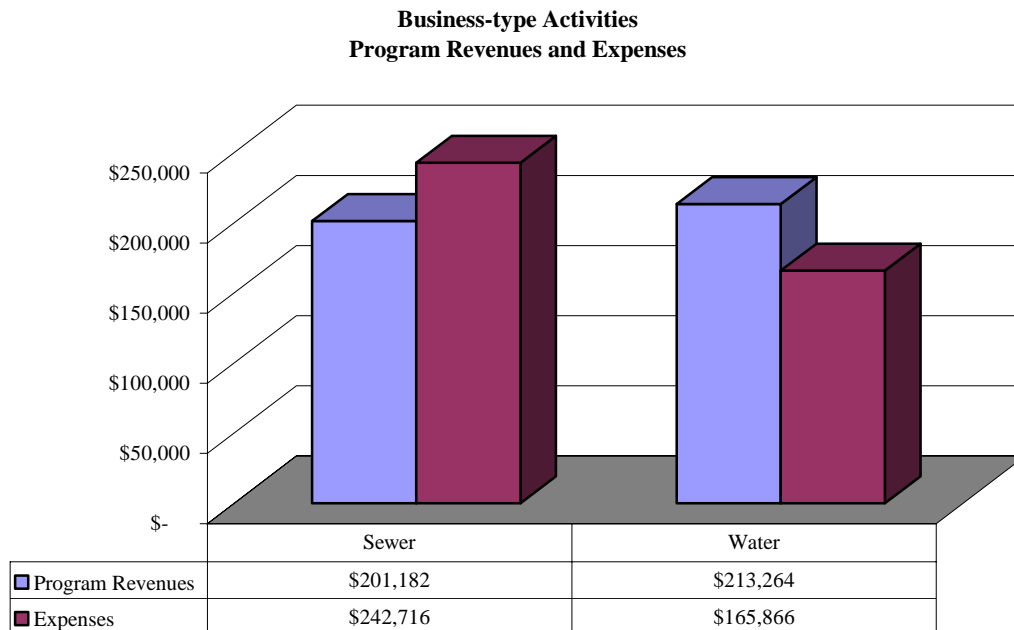


# VILLAGE OF LAKEVIEW

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business-type Activities:

Business-type activities increased the Village's net assets by \$38,593, accounting for 11.3% of the total growth in the government's net assets for the current year. By comparison, business-type activities reported an increase in net assets in the previous fiscal year of \$224,524. This was mainly due to a State grant received for a water main extension.



# VILLAGE OF LAKEVIEW

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Capital Assets and Debt Administration:**

The Village's investment in capital assets for its governmental and business-type activities as of February 28, 2007, amounted to \$4,570,258 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and sewer and water systems. Significant improvements/purchases during the year included construction of a terminal building at the airport and further work on a water main extension.

Debt of \$1,464,000 related to the construction and acquisition of the above-mentioned capital assets is reported as a liability in the business-type activities in the statement of net assets.

### **The Village's Funds:**

The fund financial statements begin on page 13 and provide detailed information on the most significant governmental funds – not the Village as a whole. The Village Council creates funds to help manage money for special purposes, as well as to show accountability for certain activities, such as special property tax millages. The Village's major governmental funds for 2007 include the General Fund and Major Street Fund.

The Village's governmental funds reported a combined fund balance of \$866,422 for this year, an increase of \$141,864 from last year.

### **General Fund Budgetary Highlights:**

Differences between the original and final amended budgets for expenditures were relatively minor for the year.

As mentioned earlier, the Village received a grant from the State of Michigan for \$171,251 for construction of a terminal building at the airport. The grant project was paid for by the State of Michigan and the grant revenue and capital outlay expenditures were recorded by the Village at the end of the fiscal year. The budget was amended to increase the grant revenue and capital outlay expenditures to account for this project.

### **Contacting the Village's Financial Management:**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Manager, 315 Lincoln Avenue, P.O. Box 30, Lakeview, Michigan 48850.

## ***BASIC FINANCIAL STATEMENTS***

# VILLAGE OF LAKEVIEW

## STATEMENT OF NET ASSETS

February 28, 2007

	<i>Primary Government</i>			<i>Component</i>
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Unit</i>
	<i>Activities</i>	<i>Activities</i>		
<b>Assets:</b>				
Cash and cash equivalents	\$ 767,660	\$ 515,882	\$ 1,283,542	\$ 177,235
Receivables	96,655	55,808	152,463	44,242
Internal balances	12,608	(12,608)	-	-
Inventory	296	-	296	-
Prepaid expenses	6,173	-	6,173	30,558
Restricted cash and cash equivalents	-	109,000	109,000	-
Capital assets:				
Nondepreciable capital assets	485,908	-	485,908	66,512
Depreciable capital assets, net	<u>1,388,107</u>	<u>2,696,243</u>	<u>4,084,350</u>	<u>696,613</u>
Total assets	<u>2,757,407</u>	<u>3,364,325</u>	<u>6,121,732</u>	<u>1,015,160</u>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	16,970	69,536	86,506	41,689
Long-term liabilities:				
Due within one year	-	32,000	32,000	20,000
Due in more than one year	<u>8,484</u>	<u>1,432,000</u>	<u>1,440,484</u>	<u>400,000</u>
Total liabilities	<u>25,454</u>	<u>1,533,536</u>	<u>1,558,990</u>	<u>461,689</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	1,710,420	1,232,243	2,942,663	275,800
Restricted for:				
Debt service	-	109,000	109,000	-
Streets	463,665	-	463,665	-
Unrestricted	<u>557,868</u>	<u>489,546</u>	<u>1,047,414</u>	<u>277,671</u>
Total net assets	<u>\$ 2,731,953</u>	<u>\$ 1,830,789</u>	<u>\$ 4,562,742</u>	<u>\$ 553,471</u>

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF LAKEVIEW

## STATEMENT OF ACTIVITIES

Year Ended February 28, 2007

		Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs	Expenses				
PRIMARY GOVERNMENT:					
Governmental activities:					
General government	\$ 140,247	\$ 88,993	\$ 43	\$ -	\$ (51,211)
Public safety	154,510	9,628	2,090	9,994	(132,798)
Public works	254,039	27,018	121,567	200,734	95,280
Community and economic development	5,933	990	-	-	(4,943)
Recreation and culture	20,398	-	-	-	(20,398)
Total governmental activities	575,127	126,629	123,700	210,728	(114,070)
Business-type activities:					
Sewer	242,716	201,182	-	-	(41,534)
Water	165,866	168,734	-	44,530	47,398
Total business-type activities	408,582	369,916	-	44,530	5,864
Total primary government	\$ 983,709	\$ 496,545	\$ 123,700	\$ 255,258	\$ (108,206)
COMPONENT UNIT:					
Downtown development authority	\$ 49,849	\$ -	\$ -	\$ -	\$ (49,849)

continued

*The accompanying notes are an integral part of these financial statements.*

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	<i>Primary Government</i>			
	<i>Governmental</i>	<i>Business-</i>		<i>Component</i>
	<i>Activities</i>	<i>type</i>	<i>Total</i>	<i>Unit</i>
		<i>Activities</i>		
<i>Changes in net assets:</i>				
Net (Expense) Revenue	\$ (114,070)	\$ 5,864	\$ (108,206)	\$ (49,849)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	150,094	-	150,094	-
Property taxes, levied for cemetery	18,525	-	18,525	-
Property taxes, levied for streets	90,195	-	90,195	-
Property taxes, captured by DDA	-	-	-	131,447
Franchise taxes	3,036	-	3,036	-
Grants and contributions not restricted to				
specific programs	121,508	-	121,508	-
Unrestricted investment earnings	27,573	24,809	52,382	5,077
Miscellaneous	6,790	7,920	14,710	90
Total general revenues	417,721	32,729	450,450	136,614
Change in net assets	303,651	38,593	342,244	86,765
Net assets, beginning of year	2,428,302	1,792,196	4,220,498	466,706
Net assets, end of year	\$ 2,731,953	\$ 1,830,789	\$ 4,562,742	\$ 553,471



# VILLAGE OF LAKEVIEW

## GOVERNMENTAL FUNDS

### BALANCE SHEET

February 28, 2007

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Assets:</b>				
Cash and cash equivalents	\$ 210,315	\$ 366,888	\$ 190,457	\$ 767,660
Accounts receivable	300	-	-	300
Due from other governmental units	45,892	14,589	4,605	65,086
Due from component unit	31,269	-	-	31,269
Due from other funds	22,835	-	-	22,835
Inventory	296	-	-	296
Prepaid expenditures	6,173	-	-	6,173
Total assets	<u>\$ 317,080</u>	<u>\$ 381,477</u>	<u>\$ 195,062</u>	<u>\$ 893,619</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 14,091	\$ -	\$ -	\$ 14,091
Accrued expenses	2,102	592	185	2,879
Due to other funds	-	6,943	3,284	10,227
Total liabilities	<u>16,193</u>	<u>7,535</u>	<u>3,469</u>	<u>27,197</u>
<b>Fund balances:</b>				
Reserved for:				
Inventory	296	-	-	296
Prepaid expenditures	6,173	-	-	6,173
Unreserved:				
General fund	294,418	-	-	294,418
Special revenue funds	<u>-</u>	<u>373,942</u>	<u>191,593</u>	<u>565,535</u>
Total fund balances	<u>300,887</u>	<u>373,942</u>	<u>191,593</u>	<u>866,422</u>
Total liabilities and fund balances	<u>\$ 317,080</u>	<u>\$ 381,477</u>	<u>\$ 195,062</u>	<u>\$ 893,619</u>

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF LAKEVIEW

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## RECONCILIATION OF FUND BALANCES OF THE GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

February 28, 2007

<b>Total fund balances for governmental funds</b>		\$ 866,422
Total net assets reported for governmental activities in the statement of of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	2,266,548	
Less accumulated depreciation	<u>(392,533)</u>	1,874,015
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Compensated absences payable		<u>(8,484)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 2,731,953</u></u>

*The accompanying notes are an integral part of these financial statements.*

# VILLAGE OF LAKEVIEW

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended February 28, 2007

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Revenues:</b>				
Property taxes	\$ 168,619	\$ 60,000	\$ 30,195	\$ 258,814
Licenses and permits	3,036	-	-	3,036
State grants	334,326	92,811	28,756	455,893
Contributions from other units	10,079	-	-	10,079
Charges for services	143,619	-	-	143,619
Fines and forfeits	6,754	-	-	6,754
Interest and rents	91,221	12,432	4,838	108,491
Other revenue	11,483	1,037	-	12,520
Total revenues	<u>769,137</u>	<u>166,280</u>	<u>63,789</u>	<u>999,206</u>
<b>Expenditures:</b>				
Current				
General government	199,767	-	-	199,767
Public safety	154,267	-	-	154,267
Public works	167,741	67,151	28,918	263,810
Community and economic development	5,933	-	-	5,933
Recreation and culture	16,472	-	-	16,472
Capital outlay	<u>211,806</u>	<u>-</u>	<u>5,287</u>	<u>217,093</u>
Total expenditures	<u>755,986</u>	<u>67,151</u>	<u>34,205</u>	<u>857,342</u>
Excess (deficiency) of revenues over expenditures	<u>13,151</u>	<u>99,129</u>	<u>29,584</u>	<u>141,864</u>
<b>Other financing sources (uses):</b>				
Transfer from other funds	-	-	25,000	25,000
Transfer to other funds	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances	(11,849)	99,129	54,584	141,864
Fund balances, beginning of year	<u>312,736</u>	<u>274,813</u>	<u>137,009</u>	<u>724,558</u>
Fund balances, end of year	<u>\$ 300,887</u>	<u>\$ 373,942</u>	<u>\$ 191,593</u>	<u>\$ 866,422</u>

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF LAKEVIEW

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## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended February 28, 2007

**Net change in fund balances - total governmental funds** \$ 141,864

Total change in net assets reported for governmental activities in the statement  
of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is depreciated over their  
estimated useful lives and reported as depreciation expense.

Capital outlay	212,052	
Less depreciation expense	(46,912)	
Less loss on disposal of capital assets	<u>(1,545)</u>	163,595

Some expenses reported in the statement of activities do not require the use  
of current financial resources and therefore are not reported as expenditures  
in governmental funds.

Change in compensated absences payable	<u>(1,808)</u>
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**Change in net assets of governmental activities** \$ 303,651

*The accompanying notes are an integral part of these financial statements.*

# VILLAGE OF LAKEVIEW

## PROPRIETARY FUNDS

### STATEMENT OF NET ASSETS

February 28, 2007

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Assets:</b>			
<b><i>Current assets:</i></b>			
Cash and cash equivalents	\$ 210,420	\$ 305,462	\$ 515,882
Accounts receivable	21,797	13,953	35,750
Accrued interest receivable	176	183	359
Due from other governmental units	-	19,699	19,699
Due from other funds	308	-	308
Total current assets	<u>232,701</u>	<u>339,297</u>	<u>571,998</u>
<b><i>Noncurrent assets:</i></b>			
Restricted cash and cash equivalents	54,000	55,000	109,000
Capital assets:			
Depreciable capital assets, net	<u>1,554,563</u>	<u>1,141,680</u>	<u>2,696,243</u>
Total noncurrent assets	<u>1,608,563</u>	<u>1,196,680</u>	<u>2,805,243</u>
Total assets	<u>1,841,264</u>	<u>1,535,977</u>	<u>3,377,241</u>
<b>Liabilities:</b>			
<b><i>Current liabilities:</i></b>			
Accounts payable	173	38,193	38,366
Accrued expenses	129	164	293
Due to other funds	5,740	7,176	12,916
Accrued interest payable	14,797	16,080	30,877
Current portion of long-term debt, payable from restricted assets	<u>14,000</u>	<u>18,000</u>	<u>32,000</u>
Total current liabilities	<u>34,839</u>	<u>79,613</u>	<u>114,452</u>
<b><i>Noncurrent liabilities:</i></b>			
Long-term debt	<u>788,000</u>	<u>644,000</u>	<u>1,432,000</u>
Total noncurrent liabilities	<u>788,000</u>	<u>644,000</u>	<u>1,432,000</u>
Total liabilities	<u>822,839</u>	<u>723,613</u>	<u>1,546,452</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	752,563	479,680	1,232,243
Restricted for:			
Debt service	54,000	55,000	109,000
Unrestricted	<u>211,862</u>	<u>277,684</u>	<u>489,546</u>
Total net assets	<u>\$ 1,018,425</u>	<u>\$ 812,364</u>	<u>\$ 1,830,789</u>

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF LAKEVIEW

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended February 28, 2007

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Operating revenues:</b>			
Charges for services	\$ 198,821	\$ 153,137	\$ 351,958
Reimbursements	-	6,499	6,499
Other	2,361	9,098	11,459
Total operating revenues	201,182	168,734	369,916
<b>Operating expenses:</b>			
Personnel	25,418	20,696	46,114
Fringe benefits	7,964	6,676	14,640
Supplies	2,935	3,981	6,916
Contracted services	27,060	7,307	34,367
Sewage treatment	-	1,509	1,509
Administrative expense	26,457	26,457	52,914
Mileage	-	248	248
Dues, licenses and permits	1,525	1,557	3,082
Printing and publishing	-	201	201
Insurance	2,801	2,403	5,204
Utilities	15,308	8,462	23,770
Repairs and maintenance	2,844	10,017	12,861
Equipment rental	10,920	5,361	16,281
Other services and supplies	5,016	941	5,957
Depreciation	66,721	35,797	102,518
Total operating expenses	194,969	131,613	326,582
Operating income	6,213	37,121	43,334
<b>Non-operating revenues (expenses):</b>			
State grants	-	26,854	26,854
Interest income	11,354	13,455	24,809
Insurance recoveries	-	17,676	17,676
Rental income	-	7,920	7,920
Interest expense	(47,747)	(34,253)	(82,000)
Net non-operating revenues	(36,393)	31,652	(4,741)
Net income (loss)	(30,180)	68,773	38,593
Net assets, beginning of year	1,048,605	743,591	1,792,196
Net assets, end of year	\$ 1,018,425	\$ 812,364	\$ 1,830,789

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF LAKEVIEW

## PROPRIETARY FUNDS

### STATEMENT OF CASH FLOWS

Year Ended February 28, 2007

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 199,061	\$ 146,995	\$ 346,056
Other cash received	-	6,499	6,499
Cash payments for interfund services	(758)	(6,010)	(6,768)
Cash payments to employees	(25,418)	(20,696)	(46,114)
Cash payments to suppliers for goods and services	(100,734)	(74,684)	(175,418)
Net cash provided by operating activities	<u>72,151</u>	<u>52,104</u>	<u>124,255</u>
<b>Cash flows from capital and related financing activities:</b>			
State grants	-	26,854	26,854
Insurance recoveries	-	17,676	17,676
Acquisition and construction of capital assets	-	(96,920)	(96,920)
Principal payments	(29,000)	(18,000)	(47,000)
Interest paid	(47,747)	(34,253)	(82,000)
Net cash used by capital and related financing activities	<u>(76,747)</u>	<u>(104,643)</u>	<u>(181,390)</u>
<b>Cash flows from investing activities:</b>			
Interest received	11,354	13,455	24,809
Rent received	-	7,920	7,920
Net cash provided by investing activities	<u>11,354</u>	<u>21,375</u>	<u>32,729</u>
Net increase (decrease) in cash and cash equivalents	6,758	(31,164)	(24,406)
Cash and cash equivalents, beginning of year	<u>257,662</u>	<u>391,626</u>	<u>649,288</u>
Cash and cash equivalents, end of year	<u>\$ 264,420</u>	<u>\$ 360,462</u>	<u>\$ 624,882</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 6,213	\$ 37,121	\$ 43,334
Adjustments:			
Depreciation	66,721	35,797	102,518
Change in assets and liabilities:			
Accounts receivable	(2,111)	(441)	(2,552)
Accrued interest receivable	(10)	-	(10)
Due from other governmental units	-	(14,799)	(14,799)
Due from other funds	(66)	-	(66)
Accounts payable	173	534	707
Accrued expenses	(6)	(34)	(40)
Due to other funds	(692)	(6,010)	(6,702)
Accrued interest payable	1,929	(64)	1,865
Net cash provided by operating activities	<u>\$ 72,151</u>	<u>\$ 52,104</u>	<u>\$ 124,255</u>

The accompanying notes are an integral part of these financial statements.

## ***NOTES TO FINANCIAL STATEMENTS***



# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the Village of Lakeview conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Village and its component units. In evaluating the Village as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Village may be financially accountable and, as such, should be included within the Village's financial statements. The Village (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Village. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the Village's reporting entity because of its operational or financial relationship with the Village.

**Discretely Presented Component Unit** - The component unit column in the government-wide financial statements includes the financial data of the Village's one component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Village. The component unit is described as follows:

***Downtown Development Authority*** - The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Village Council. The budgets and expenditures of the Downtown Development Authority must be approved by the Village Council. The Village also has the ability to significantly influence operations of the Downtown Development Authority.

**Related Organization** – The Village's officials are also responsible for appointing members to the Board of the Village of Lakeview Hospital Finance Authority, but the Village's accountability for this organization does not extend beyond making the appointments.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

### ***Government-wide Financial Statements:***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village’s net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Village’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Village does not allocate indirect costs. In creating the government-wide financial statements the Village has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Village as an entity and the change in the Village’s net assets resulting from current year activities.

### ***Fund Financial Statements:***

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use unrestricted resources first, then restricted resources as they are needed.

The Village reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Village. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the revenues received from the State of Michigan under Act 51 which are specifically earmarked for maintenance and construction of roads designated as major streets in the Village.

The Village reports the following major proprietary funds:

The **Sewer Enterprise Fund** is used to account for the operations of the Village's sewer department that provides sewer services to most residents of the Village on a user charge basis.

The **Water Enterprise Fund** is used to account for the operations of the Village's water department that provides water services to most residents of the Village on a user charge basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

February 28, 2007

### Assets, Liabilities and Equity:

**Cash and Cash Equivalents** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less to be cash equivalents.

**Restricted Assets** – Certain resources set aside for repayment of bonds and to meet bond covenants, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**Receivables** – All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances, if any, are immaterial at year end.

**Interfund Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

**Prepaid Expenses/Expenditures** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Village defines capital assets as assets with an initial individual cost in excess of \$5,000 and an estimated useful life in excess of two years. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) of the governmental funds are capitalized if acquired since March 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Land improvements	15-20 years
Office furniture and equipment	5-10 years
Public domain infrastructure	20-50 years
System infrastructure	50 years
Vehicles	5 years

**Compensated Absences** – Individual employees have a vested right to receive payments for unused vacation benefits under formulas and conditions specified in Village policies.

Accumulated vacation benefits of governmental funds are recorded on the statement of net assets and not on the governmental fund balance sheets because they are not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds have been evaluated and determined to be immaterial to the financial statements as a whole. Consequently, no portion of the liability is reported in the statement of net assets of the individual enterprise funds.

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

February 28, 2007

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Property Taxes** – Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 15. Real property taxes not collected as of October 1 are returned to the County for collection, which advances the Village 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Village Treasurer. The 2006 taxable valuation of the Village totaled \$21,833,201, on which ad valorem taxes levied consisted of 10.4863 mills for Village operating, 4.0518 for Village streets, and .8323 for Village cemetery.

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Eliminations and Reclassifications:**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

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## **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### **Budgetary Information:**

Governmental funds are under formal budgetary control. Budgets shown in the financial statements were prepared on a basis consistent with the modified accrual basis of accounting which is used to reflect actual results. Budgetary control is exercised at the department level. The Village Manager is authorized to transfer budget amounts between line items within departments; however, any supplemental appropriations that amend total expenditures of any department require Village Council resolution. Unexpended appropriations lapse at year end.

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

February 28, 2007

### **Excess of Expenditures over Appropriations in Budgeted Funds:**

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year, the Village did not incur expenditures that were in excess of the amounts budgeted.

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### **NOTE 3: CASH AND CASH EQUIVALENTS**

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. At year-end, the Village had \$1,579,241 (including the Downtown Development Authority) of bank deposits (certificates of deposit, checking, and savings accounts), of which \$203,218 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

At year end, the Village had no investments.

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### **NOTE 4: CAPITAL ASSETS**

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Capital asset activity for the year ended February 28, 2007 was as follows:

## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

	<i>March 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>February 28, 2007</i>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ 485,908	\$ -	\$ -	\$ 485,908
Depreciable capital assets				
Buildings and improvements	432,215	197,090	(7,730)	621,575
Vehicles and equipment	617,119	5,962	(78,866)	544,215
Infrastructure	605,850	9,000	-	614,850
Total depreciable capital assets	1,655,184	212,052	(86,596)	1,780,640
Accumulated depreciation	(430,672)	(46,912)	85,051	(392,533)
Depreciable capital assets, net	1,224,512	165,140	(1,545)	1,388,107
Governmental activities, capital assets, net	<u>\$ 1,710,420</u>	<u>\$ 165,140</u>	<u>\$ (1,545)</u>	<u>\$ 1,874,015</u>
<b>Business-type activities:</b>				
Depreciable capital assets				
Equipment	\$ 97,630	\$ 17,800	\$ -	\$ 115,430
Sewer system	2,668,843	-	-	2,668,843
Water system	1,664,229	79,120	(2,458)	1,740,891
Total depreciable capital assets	4,430,702	96,920	(2,458)	4,525,164
Accumulated depreciation	(1,728,861)	(102,518)	2,458	(1,828,921)
Depreciable capital assets, net	2,701,841	(5,598)	-	2,696,243
Business-type activities, capital assets, net	<u>\$ 2,701,841</u>	<u>\$ (5,598)</u>	<u>\$ -</u>	<u>\$ 2,696,243</u>
<b>Component unit - DDA:</b>				
Nondepreciable capital assets				
Land	\$ 66,512	\$ -	\$ -	\$ 66,512
Depreciable capital assets				
Equipment	\$ 7,527	\$ -	\$ -	\$ 7,527
Infrastructure	710,050	-	-	710,050
Land improvements	7,552	63,724	-	71,276
Total depreciable capital assets	725,129	63,724	-	788,853
Accumulated depreciation	(75,841)	(16,399)	-	(92,240)
Depreciable capital assets, net	649,288	47,325	-	696,613
Component unit - DDA, capital assets, net	<u>\$ 715,800</u>	<u>\$ 47,325</u>	<u>\$ -</u>	<u>\$ 763,125</u>

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$ 1,363
Public safety	6,566
Public works	36,217
Recreation and culture	<u>2,766</u>
Total governmental activities	<u>\$ 46,912</u>

**Business-type activities:**

Sewer	\$ 66,721
Water	<u>35,797</u>
Total business-type activities	<u>\$ 102,518</u>

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## NOTE 5: INTERFUND BALANCES AND TRANSFERS

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The composition of interfund receivable and payable balances at February 28, 2007 is as follows:

	<i>Due From</i>	<i>Due To</i>
General Fund	\$ 22,835	\$ -
Major Street Fund	-	6,943
Local Street Fund	-	3,284
Sewer Fund	308	5,740
Water Fund	-	<u>7,176</u>
	<u>\$ 23,143</u>	<u>\$ 23,143</u>

	<i>Due From</i>	<i>Due To</i>
General Fund	\$ 31,269	\$ -
Downtown Development Authority	-	<u>31,269</u>
	<u>\$ 31,269</u>	<u>\$ 31,269</u>

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers reported in the fund statements were as follows:

<i>Funds Transferred From</i>	<i>Funds Transferred To</i>	<i>Amount</i>
General Fund	Property Replacement Fund	<u>\$ 25,000</u>

Transfers are used to use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.



# VILLAGE OF LAKEVIEW

## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

### NOTE 6: LONG-TERM LIABILITIES

The Village may issue bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Other long-term liabilities include compensated absences.

The following is a summary of debt transactions of the Village for the year ended February 28, 2007:

<u>Types of Indebtedness</u>	<u>March 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>February 28, 2007</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Compensated absences payable	\$ 6,676	\$ 1,808	\$ -	\$ 8,484	\$ -
<b><u>Business-type Activities</u></b>					
1967 Sewer Revenue Bonds, due in annual amounts of \$15,000 plus interest at 4.5% through 2007.	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -
1986 Series A Sewer Revenue Bonds, due in annual amounts ranging from \$8,000 to \$13,000 plus interest at 6.125% through 2026.	215,000	-	8,000	207,000	8,000
1986 Series B Sewer Revenue Bonds, due in annual amounts ranging from \$1,000 to \$16,000 plus interest at 6.125% through 2026.	171,000	-	1,000	170,000	1,000
1982 Water Revenue Bonds, due in annual amounts ranging from \$15,000 to \$35,000 plus interest at 5.0% through 2020.	365,000	-	15,000	350,000	15,000
2000 Water Supply System Revenue Bonds, due in annual amounts ranging from \$3,000 to \$19,000 plus interest at 5.125% through 2041.	315,000	-	3,000	312,000	3,000
2001 Sanitary Sewer System Revenue Bonds, due in annual amounts ranging from \$5,000 to \$25,000 plus interest at 5.0% through 2041.	430,000	-	5,000	425,000	5,000
Total business-type activities	\$ 1,511,000	\$ -	\$ 47,000	\$ 1,464,000	\$ 32,000

# VILLAGE OF LAKEVIEW

## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

<u>Types of Indebtedness</u>	<u>March 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>February 28, 2007</u>	<u>Due Within One Year</u>
<b><u>Component Unit - DDA:</u></b>					
2001 Downtown Development Bonds, due in annual amounts ranging from \$20,000 to \$40,000 plus interest at 4.1% through 2022.	\$ 440,000	\$ -	\$ 20,000	\$ 420,000	\$ 20,000

Annual debt service requirements to maturity for all outstanding debt (excluding compensated absences payable) as of February 28, 2007 are as follows:

<u>Year Ended</u>	<u>Business-type Activities</u>			<u>Component Unit - DDA</u>		
<u>February 28,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 32,000	\$ 79,716	\$ 111,716	\$ 20,000	\$ 20,410	\$ 40,410
2009	40,000	77,966	117,966	20,000	19,540	39,540
2010	46,000	75,783	121,783	20,000	18,650	38,650
2011	47,000	73,284	120,284	20,000	17,740	37,740
2012	50,000	70,732	120,732	25,000	16,693	41,693
2013-2017	303,000	308,196	611,196	135,000	64,675	199,675
2018-2022	280,000	220,731	500,731	180,000	24,853	204,853
2023-2027	210,000	149,409	359,409	-	-	-
2028-2032	127,000	102,985	229,985	-	-	-
2033-2037	165,000	67,258	232,258	-	-	-
2038-2041	164,000	21,226	185,226	-	-	-
	<u>\$ 1,464,000</u>	<u>\$ 1,247,286</u>	<u>\$ 2,711,286</u>	<u>\$ 420,000</u>	<u>\$ 182,561</u>	<u>\$ 602,561</u>

## NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Village's governmental and business-type activities in the aggregate are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit - DDA</u>
<b>Receivables:</b>			
Accounts	\$ 300	\$ 35,750	\$ -
Accrued interest receivable	-	359	-
Intergovernmental	<u>96,355</u>	<u>19,699</u>	<u>44,242</u>
Total receivables	<u>\$ 96,655</u>	<u>\$ 55,808</u>	<u>\$ 44,242</u>
<b>Accounts payable and accrued expenses:</b>			
Accounts payable	\$ 14,091	\$ 38,366	\$ -
Accrued payroll and related liabilities	2,879	293	-
Intergovernmental	-	-	31,269
Accrued interest payable	<u>-</u>	<u>30,877</u>	<u>10,420</u>
Total accounts payable and accrued expenses	<u>\$ 16,970</u>	<u>\$ 69,536</u>	<u>\$ 41,689</u>

# VILLAGE OF LAKEVIEW

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## NOTES TO FINANCIAL STATEMENTS

February 28, 2007

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### NOTE 8: RISK MANAGEMENT

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The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); and natural disasters. During the year ended February 28, 2007, the Village carried commercial insurance to cover most risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

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### NOTE 9: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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#### **Pension Plan**

The Village does not provide pension plan benefits.

#### **Post Employment Benefits**

The Village does not provide post employment benefits.

#### **Deferred Compensation Plan**

The Village participates in a deferred compensation plan qualifying under Section 457 of the Internal Revenue Code. The plan is administered by the Massachusetts Mutual Life Insurance Company and is available to all employees. Under the plan, employees can elect to defer a portion of their wages each pay period. After an employee has worked at the Village for two years, the Village also makes an additional matching contribution of up to 5% of the employee's annual wage. The deferred amounts are not taxable to the employees until retirement or separation from employment. All assets of the plan are held in trust for the employees and are not included in the Village financial statements.

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### NOTE 10: FUND EQUITY

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Specific reservations on fund equity include:

**Reserved for prepaid expenditures** – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

**Reserved for inventory** – This reserve was created to indicate that the portion of fund balance represented by inventory is not available for appropriation.

***REQUIRED SUPPLEMENTAL INFORMATION***

# VILLAGE OF LAKEVIEW

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended February 28, 2007

	<i>Budgeted Amounts</i>			<i>Actual Over (Under)</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Final Budget</i>
<b>Revenues:</b>				
Property taxes	\$ 167,219	\$ 168,619	\$ 168,619	\$ -
Licenses and permits	3,440	3,275	3,036	(239)
State grants	127,955	333,340	334,326	986
Contributions from other units	10,324	10,324	10,079	(245)
Charges for services	138,303	157,582	143,619	(13,963)
Fines and forfeits	3,750	5,315	6,754	1,439
Interest and rents	99,700	100,695	91,221	(9,474)
Other revenue	3,000	4,773	11,483	6,710
Total revenues	<u>553,691</u>	<u>783,923</u>	<u>769,137</u>	<u>(14,786)</u>
<b>Expenditures:</b>				
Current				
General government	183,146	209,071	199,767	(9,304)
Public safety	149,319	165,102	154,267	(10,835)
Public works	182,114	185,971	167,741	(18,230)
Community and economic development	6,991	6,841	5,933	(908)
Recreation and culture	17,886	18,886	16,472	(2,414)
Capital outlay	<u>20,250</u>	<u>221,632</u>	<u>211,806</u>	<u>(9,826)</u>
Total expenditures	<u>559,706</u>	<u>807,503</u>	<u>755,986</u>	<u>(51,517)</u>
Excess (deficiency) of revenues over expenditures	<u>(6,015)</u>	<u>(23,580)</u>	<u>13,151</u>	<u>36,731</u>
<b>Other financing uses:</b>				
Transfer to other funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	(31,015)	(48,580)	(11,849)	36,731
Fund balance, beginning of year	<u>312,736</u>	<u>312,736</u>	<u>312,736</u>	<u>-</u>
Fund balance, end of year	<u>\$ 281,721</u>	<u>\$ 264,156</u>	<u>\$ 300,887</u>	<u>\$ 36,731</u>

# VILLAGE OF LAKEVIEW

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## *SPECIAL REVENUE FUND – MAJOR STREET FUND*

### **BUDGETARY COMPARISON SCHEDULE**

Year Ended February 28, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
<b>Revenues:</b>				
Property taxes	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
State grants	75,000	90,000	92,811	2,811
Interest and rents	4,100	9,000	12,432	3,432
Other revenue	<u>2,700</u>	<u>2,700</u>	<u>1,037</u>	<u>(1,663)</u>
Total revenues	<u>141,800</u>	<u>161,700</u>	<u>166,280</u>	<u>4,580</u>
<b>Expenditures:</b>				
Current				
Public works	<u>72,378</u>	<u>76,768</u>	<u>67,151</u>	<u>(9,617)</u>
Total expenditures	<u>72,378</u>	<u>76,768</u>	<u>67,151</u>	<u>(9,617)</u>
Net change in fund balance	69,422	84,932	99,129	14,197
Fund balance, beginning of year	<u>274,813</u>	<u>274,813</u>	<u>274,813</u>	<u>-</u>
Fund balance, end of year	<u>\$ 344,235</u>	<u>\$ 359,745</u>	<u>\$ 373,942</u>	<u>\$ 14,197</u>

***OTHER SUPPLEMENTAL INFORMATION***

# VILLAGE OF LAKEVIEW

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended February 28, 2007

***Current Taxes:***

Property taxes	\$ 165,232
Administration fees	3,387
	<u>168,619</u>

***Licenses and permits:***

CATV franchise fees	<u>3,036</u>
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***State Grants:***

Liquor license fees	2,090
State revenue sharing - sales tax	121,508
Airport	200,734
Police	9,994
	<u>334,326</u>

***Contribution from other units:***

Downtown Development Authority - administrative expense	<u>10,079</u>
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***Charges for services:***

Cemetery fees	14,150
Police services and reports	2,874
Airport fees	9,698
Appeals fees	990
Charges to other funds and departments	115,907
	<u>143,619</u>

***Fines and forfeits:***

Police	<u>6,754</u>
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***Interest and rents:***

Equipment rental	73,718
Interest	10,303
Rents	7,200
	<u>91,221</u>

***Other Revenue:***

Cemetery lots	4,650
Contributions and donations	43
Other	6,790
	<u>11,483</u>

Total revenues	<u>\$ 769,137</u>
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# VILLAGE OF LAKEVIEW

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES

Year Ended February 28, 2007

**Expenditures:**

***General Government:***

*Council:*

Personnel	\$ 3,650
Fringe benefits	294
Administration	1,260
Dues and memberships	917
Insurance	5,248
Other	455
	<u>11,824</u>

*President:*

Personnel	925
Fringe benefits	75
Education and training	422
Insurance	850
Other	142
	<u>2,414</u>

*Administration:*

Personnel	80,944
Fringe benefits	25,626
Supplies	2,813
Contracted services	2,984
Telephone	2,682
Utilities	1,417
Repairs and maintenance	1,089
	<u>117,555</u>

*Clerk:*

Supplies	916
Contracted services	754
Administration	1,260
Dues and memberships	232
Printing and publications	1,362
Insurance	2,827
	<u>7,351</u>

*Audit:*

Contracted services	<u>6,700</u>
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*Treasurer:*

Supplies	352
Contracted services	811
Administration	1,260
Insurance	850
	<u>3,273</u>

# VILLAGE OF LAKEVIEW

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended February 28, 2007

**Expenditures, continued:**

***General Government, continued:***

*Elections:*

Supplies	144
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*Attorney:*

Contracted services	24,649
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*Cemetery:*

Personnel	10,279
Fringe benefits	2,785
Supplies	904
Contracted services	548
Administration	6,299
Insurance	399
Utilities	116
Repairs and maintenance	608
Equipment rental	3,919
	<u>25,857</u>

Total general government	<u>199,767</u>
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***Public Safety:***

*Police:*

Personnel	80,379
Fringe benefits	24,562
Supplies	6,596
Contracted services	3,975
Administration	3,780
Telephone	1,217
Dues and memberships	188
Conferences and workshops	626
Insurance	5,614
Utilities	1,418
Repairs and maintenance	562
Equipment rental	10,802
Other	14,548
	<u>154,267</u>

# VILLAGE OF LAKEVIEW

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended February 28, 2007

**Expenditures, continued:**

***Public Works:***

*Department of Public Works:*

Personnel	21,546
Fringe benefits	6,051
Supplies	12,012
Contracted services	339
Administration	6,299
Telephone	809
Insurance	6,442
Utilities	3,954
Repairs and maintenance	8,098
Other	240
	<hr/>
	65,790

*Sidewalks:*

Personnel	982
Fringe benefits	257
Contracted services	390
Administration	1,260
Repairs and maintenance	32
Equipment rental	1,023
	<hr/>
	3,944

*Drains:*

Repairs and maintenance	<hr/>
	7

*Street Lighting:*

Utilities	14,512
Repairs and maintenance	242
	<hr/>
	14,754

*Environmental Control:*

Personnel	11,204
Fringe benefits	2,984
Supplies	346
Contracted services	5,124
Administration	5,039
Equipment rental	10,913
	<hr/>
	35,610

*Tamarack Lake Project:*

Contracted services	<hr/>
	7,535

# VILLAGE OF LAKEVIEW

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended February 28, 2007

**Expenditures, continued:**

***Public Works, continued:***

*Airport:*

Personnel	4,509
Fringe benefits	1,211
Supplies	169
Contracted services	280
Administration	10,079
Telephone	573
Dues and memberships	50
Printing and publications	418
Insurance	2,520
Utilities	3,299
Repairs and maintenance	962
Equipment rental	6,757
Other	520
	<hr/>
	31,347

*Other:*

Contracted services	<hr/>
	8,754
Total public works	<hr/>
	167,741

***Community and Economic Development:***

*Zoning:*

Personnel	2,898
Fringe benefits	716
Supplies	54
Contracted services	1,005
Administration	1,260
	<hr/>
	5,933

***Recreation and Culture:***

*Parks and Grounds:*

Personnel	4,781
Fringe benefits	1,279
Supplies	352
Contracted services	3
Administration	2,520
Utilities	3,907
Repairs and maintenance	601
Equipment rental	3,029
	<hr/>
	16,472

# VILLAGE OF LAKEVIEW

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended February 28, 2007

**Expenditures, continued:**

***Capital Outlay:***

General government	1,951
Public works	208,695
Recreation and culture	<u>1,160</u>
	<u>211,806</u>
Total expenditures	<u>755,986</u>

**Other Financing Uses:**

Transfer to other funds	<u>25,000</u>
Total expenditures and other financing uses	<u>\$ 780,986</u>

# VILLAGE OF LAKEVIEW

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

February 28, 2007

	<i>Local Street Fund</i>	<i>Property Replacement Fund</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 88,587	\$ 101,870	\$ 190,457
Due from other governmental units	<u>4,605</u>	<u>-</u>	<u>4,605</u>
Total assets	<u><u>\$ 93,192</u></u>	<u><u>\$ 101,870</u></u>	<u><u>\$ 195,062</u></u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accrued expenses	\$ 185	\$ -	\$ 185
Due to other funds	<u>3,284</u>	<u>-</u>	<u>3,284</u>
Total liabilities	<u>3,469</u>	<u>-</u>	<u>3,469</u>
<b>Fund balances:</b>			
Unreserved:			
Special revenue funds	<u>89,723</u>	<u>101,870</u>	<u>191,593</u>
Total fund balances	<u>89,723</u>	<u>101,870</u>	<u>191,593</u>
Total liabilities and fund balances	<u><u>\$ 93,192</u></u>	<u><u>\$ 101,870</u></u>	<u><u>\$ 195,062</u></u>

# VILLAGE OF LAKEVIEW

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended February 28, 2007

	<i>Local Street Fund</i>	<i>Property Replacement Fund</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Revenues:</b>			
Property taxes	\$ 30,195	\$ -	\$ 30,195
State grants	28,756	-	28,756
Interest and rents	2,160	2,678	4,838
Other revenue	-	-	-
Total revenues	<u>61,111</u>	<u>2,678</u>	<u>63,789</u>
<b>Expenditures:</b>			
Current			
Public works	28,918	-	28,918
Capital outlay	-	5,287	5,287
Total expenditures	<u>28,918</u>	<u>5,287</u>	<u>34,205</u>
Excess (deficiency) of revenues over expenditures	<u>32,193</u>	<u>(2,609)</u>	<u>29,584</u>
<b>Other financing sources:</b>			
Transfer in from other funds	-	25,000	25,000
Total other financing sources	-	25,000	25,000
Net change in fund balances	32,193	22,391	54,584
Fund balances, beginning of year	<u>57,530</u>	<u>79,479</u>	<u>137,009</u>
Fund balances, end of year	<u>\$ 89,723</u>	<u>\$ 101,870</u>	<u>\$ 191,593</u>

# VILLAGE OF LAKEVIEW

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## COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

### BALANCE SHEET

February 28, 2007

**Assets:**

Cash and cash equivalents	\$ 177,235
Due from other governmental units	44,242
Prepaid expenditures	<u>30,558</u>
Total assets	<u>\$ 252,035</u>

**Liabilities and Fund Balance:**

**Liabilities:**

Due to primary government - General Fund	\$ 31,269
Total liabilities	<u>31,269</u>

**Fund balances:**

Unreserved	<u>220,766</u>
Total fund balance	<u>220,766</u>
Total liabilities and fund balance	<u>\$ 252,035</u>

**RECONCILIATION OF FUND BALANCE TO NET ASSETS:**

Total fund balance for the component unit	\$ 220,766
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Total net assets reported for the component unit in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

Governmental capital assets	855,365	
Less accumulated depreciation	<u>(92,240)</u>	763,125

Long-term liabilities are not due and payable in the current year and  
therefore are not reported in the governmental funds:

Bonds payable	(420,000)	
Accrued interest payable	<u>(10,420)</u>	<u>(430,420)</u>

Net assets of the component unit	<u>\$ 553,471</u>
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# VILLAGE OF LAKEVIEW

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## COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended February 28, 2007

**Revenues:**

Property taxes	\$ 131,447
Interest and rents	5,077
Other revenue	<u>90</u>
Total revenues	<u>136,614</u>

**Expenditures:**

Current	
Community and economic development	19,532
Capital outlay	56,802
Debt service	
Principal	20,000
Interest and fees	<u>21,260</u>
Total expenditures	<u>117,594</u>
Net change in fund balance	19,020
Fund balance, beginning of year	<u>201,746</u>
Fund balance, end of year	<u><u>\$ 220,766</u></u>

**RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN  
NET ASSETS:**

**Net change in fund balance - component unit** **\$ 19,020**

Total change in net assets reported for the component unit in the statement  
of activities is different because:

Component units report capital outlays as expenditures. However, in the statement  
of activities, the cost of those assets is depreciated over their estimated useful  
lives and reported as depreciation expense.

Capital outlay	63,724	
Less depreciation expense	<u>(16,399)</u>	47,325

Repayments of principal on long-term debt are expenditures in the component unit  
but the payments reduce long-term liabilities in the statement of net assets. 20,000

Some expenses reported in the statement of activities do not require the use  
of current financial resources and therefore are not reported as expenditures  
in the component unit.

Change in accrued interest payable	<u>420</u>
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**Change in net assets of the component unit** **\$ 86,765**

# VILLAGE OF LAKEVIEW

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

February 28, 2007

#### 1967 SEWER REVENUE BONDS

Original issue amount	\$	248,000
Less: Principal paid in prior years		(233,000)
Principal paid in current year		<u>(15,000)</u>
Balance payable at February 28, 2007	\$	<u>-</u>

#### 1986 SEWER REVENUE BONDS, SERIES A

Original issue amount	\$	273,000
Less: Principal paid in prior years		(58,000)
Principal paid in current year		<u>(8,000)</u>
Balance payable at February 28, 2007	\$	<u>207,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due</i>	<i>Principal due</i>	<i>Total Annual Requirement</i>
2008	6.125%	\$ 13,714	\$ 8,000	\$ 21,714
2009	6.125%	13,184	8,000	21,184
2010	6.125%	12,654	9,000	21,654
2011	6.125%	12,058	9,000	21,058
2012	6.125%	11,461	9,000	20,461
2013	6.125%	10,865	10,000	20,865
2014	6.125%	10,202	10,000	20,202
2015	6.125%	9,540	10,000	19,540
2016	6.125%	8,878	11,000	19,878
2017	6.125%	8,148	11,000	19,148
2018	6.125%	7,420	11,000	18,420
2019	6.125%	6,691	12,000	18,691
2020	6.125%	5,896	12,000	17,896
2021	6.125%	5,101	12,000	17,101
2022	6.125%	4,306	13,000	17,306
2023	6.050%	3,445	13,000	16,445
2024	6.100%	2,584	13,000	15,584
2025	6.100%	1,724	13,000	14,724
2026	6.100%	<u>862</u>	<u>13,000</u>	<u>13,862</u>
		\$ 148,733	\$ 207,000	\$ 355,733

# VILLAGE OF LAKEVIEW

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

February 28, 2007

#### 1986 SEWER REVENUE BONDS, SERIES B

Original issue amount	\$	188,000
Less: Principal paid in prior years		(17,000)
Principal paid in current year		<u>(1,000)</u>
Balance payable at February 28, 2007	\$	<u>170,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due</i>	<i>Principal due</i>	<i>Total Annual Requirement</i>
2008	6.125%	\$ 11,262	\$ 1,000	\$ 12,262
2009	6.125%	11,196	3,000	14,196
2010	6.125%	10,998	3,000	13,998
2011	6.125%	10,800	3,000	13,800
2012	6.125%	10,600	6,000	16,600
2013	6.125%	10,202	6,000	16,202
2014	6.125%	9,805	6,000	15,805
2015	6.125%	9,407	8,000	17,407
2016	6.125%	8,877	8,000	16,877
2017	6.125%	8,348	8,000	16,348
2018	6.125%	7,817	11,000	18,817
2019	6.125%	7,089	11,000	18,089
2020	6.125%	6,360	11,000	17,360
2021	6.125%	5,631	13,000	18,631
2022	6.125%	4,770	13,000	17,770
2023	6.050%	3,909	13,000	16,909
2024	6.100%	3,047	15,000	18,047
2025	6.100%	2,054	15,000	17,054
2026	6.100%	<u>1,060</u>	<u>16,000</u>	<u>17,060</u>
		<u>\$ 143,232</u>	<u>\$ 170,000</u>	<u>\$ 313,232</u>

# VILLAGE OF LAKEVIEW

## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

February 28, 2007

#### SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2001

Original issue amount	\$	450,000
Less: Principal paid in prior years		(20,000)
Principal paid in current year		<u>(5,000)</u>
Balance payable at February 28, 2007	\$	<u>425,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due August 1</i>	<i>Interest due February 1</i>	<i>Principal due February 1</i>	<i>Total Annual Requirement</i>
2008	5.00%	\$ 10,625	\$ 10,625	\$ 5,000	\$ 26,250
2009	5.00%	10,500	10,500	5,000	26,000
2010	5.00%	10,375	10,375	5,000	25,750
2011	5.00%	10,250	10,250	6,000	26,500
2012	5.00%	10,100	10,100	6,000	26,200
2013	5.00%	9,950	9,950	6,000	25,900
2014	5.00%	9,800	9,800	7,000	26,600
2015	5.00%	9,625	9,625	7,000	26,250
2016	5.00%	9,450	9,450	7,000	25,900
2017	5.00%	9,275	9,275	8,000	26,550
2018	5.00%	9,075	9,075	8,000	26,150
2019	5.00%	8,875	8,875	8,000	25,750
2020	5.00%	8,675	8,675	9,000	26,350
2021	5.00%	8,450	8,450	9,000	25,900
2022	5.00%	8,225	8,225	10,000	26,450
2023	5.00%	7,975	7,975	10,000	25,950
2024	5.00%	7,725	7,725	11,000	26,450
2025	5.00%	7,450	7,450	11,000	25,900
2026	5.00%	7,175	7,175	12,000	26,350
2027	5.00%	6,875	6,875	13,000	26,750
2028	5.00%	6,550	6,550	13,000	26,100
2029	5.00%	6,225	6,225	14,000	26,450
2030	5.00%	5,875	5,875	15,000	26,750
2031	5.00%	5,500	5,500	15,000	26,000
2032	5.00%	5,125	5,125	16,000	26,250
2033	5.00%	4,725	4,725	17,000	26,450
2034	5.00%	4,300	4,300	18,000	26,600
2035	5.00%	3,850	3,850	19,000	26,700
2036	5.00%	3,375	3,375	20,000	26,750
2037	5.00%	2,875	2,875	21,000	26,750
2038	5.00%	2,350	2,350	22,000	26,700
2039	5.00%	1,800	1,800	23,000	26,600
2040	5.00%	1,225	1,225	24,000	26,450
2041	5.00%	625	625	25,000	26,250
		<u>\$ 234,850</u>	<u>\$ 234,850</u>	<u>\$ 425,000</u>	<u>\$ 894,700</u>

# VILLAGE OF LAKEVIEW

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

February 28, 2007

#### WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1982

Original issue amount	\$	630,000
Less: Principal paid in prior years		(265,000)
Principal paid in current year		<u>(15,000)</u>
Balance payable at February 28, 2007	\$	<u>350,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due</i>	<i>Principal due</i>	<i>Total Annual Requirement</i>
2008	5.000%	\$ 17,500	\$ 15,000	\$ 32,500
2009	5.000%	16,750	20,000	36,750
2010	5.000%	15,750	25,000	40,750
2011	5.000%	14,500	25,000	39,500
2012	5.000%	13,250	25,000	38,250
2013	5.000%	12,000	30,000	42,000
2014	5.000%	10,500	30,000	40,500
2015	5.000%	9,000	30,000	39,000
2016	5.000%	7,500	30,000	37,500
2017	5.000%	6,000	35,000	41,000
2018	5.000%	4,250	35,000	39,250
2019	5.000%	2,500	35,000	37,500
2020	5.000%	<u>750</u>	<u>15,000</u>	<u>15,750</u>
		<u>\$ 130,250</u>	<u>\$ 350,000</u>	<u>\$ 480,250</u>

# VILLAGE OF LAKEVIEW

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

February 28, 2007

#### 2000 WATER SUPPLY SYSTEM REVENUE BONDS

Original issue amount	\$	330,000
Less: Principal paid in prior years		(15,000)
Principal paid in current year		<u>(3,000)</u>
Balance payable at February 28, 2007	\$	<u>312,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Interest due</i>	<i>Principal due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2008	5.125%	\$ 15,990	\$ 3,000	\$ 18,990
2009	5.125%	15,836	4,000	19,836
2010	5.125%	15,631	4,000	19,631
2011	5.125%	15,426	4,000	19,426
2012	5.125%	15,221	4,000	19,221
2013	5.125%	15,016	4,000	19,016
2014	5.125%	14,811	5,000	19,811
2015	5.125%	14,555	5,000	19,555
2016	5.125%	14,299	5,000	19,299
2017	5.125%	14,043	6,000	20,043
2018	5.125%	13,735	6,000	19,735
2019	5.125%	13,428	6,000	19,428
2020	5.125%	13,120	6,000	19,120
2021	5.125%	12,813	7,000	19,813
2022	5.125%	12,454	7,000	19,454
2023	5.125%	12,095	8,000	20,095
2024	5.125%	11,685	8,000	19,685
2025	5.125%	11,275	8,000	19,275
2026	5.125%	10,865	9,000	19,865
2027	5.125%	10,404	9,000	19,404
2028	5.125%	9,943	10,000	19,943
2029	5.125%	9,430	10,000	19,430
2030	5.125%	8,918	11,000	19,918
2031	5.125%	8,354	11,000	19,354
2032	5.125%	7,790	12,000	19,790
2033	5.125%	7,175	13,000	20,175
2034	5.125%	6,509	13,000	19,509
2035	5.125%	5,843	14,000	19,843
2036	5.125%	5,125	15,000	20,125
2037	5.125%	4,356	15,000	19,356
2038	5.125%	3,588	16,000	19,588
2039	5.125%	2,768	17,000	19,768
2040	5.125%	1,896	18,000	19,896
2041	5.125%	974	19,000	19,974
		<u>\$ 355,371</u>	<u>\$ 312,000</u>	<u>\$ 667,371</u>

# VILLAGE OF LAKEVIEW

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## COMPONENT UNIT

### SCHEDULE OF INDEBTEDNESS

February 28, 2007

#### 2001 DOWNTOWN DEVELOPMENT BONDS

Original issue amount	\$	500,000
Less:		
Principal paid in prior years		(60,000)
Principal paid in current year		<u>(20,000)</u>
Balance payable at February 28, 2007	\$	<u>420,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Interest due</i>	<i>Principal due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2008	4.100%	\$ 20,410	\$ 20,000	\$ 40,410
2009	4.100%	19,540	20,000	39,540
2010	4.100%	18,650	20,000	38,650
2011	4.100%	17,740	20,000	37,740
2012	4.100%	16,693	25,000	41,693
2013	4.100%	15,505	25,000	40,505
2014	4.100%	14,292	25,000	39,292
2015	4.100%	13,055	25,000	38,055
2016	4.100%	11,672	30,000	41,672
2017	4.100%	10,151	30,000	40,151
2018	4.100%	8,613	30,000	38,613
2019	4.100%	6,930	35,000	41,930
2020	4.100%	5,110	35,000	40,110
2021	4.100%	3,150	40,000	43,150
2022	4.100%	1,050	40,000	41,050
		<u>\$ 182,561</u>	<u>\$ 420,000</u>	<u>\$ 602,561</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of Village Council  
Village of Lakeview, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lakeview, as of and for the year ended February 28, 2007, which collectively comprise the Village of Lakeview's basic financial statements and have issued our report thereon dated May 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village of Lakeview's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Lakeview's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of management, Village Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

*Berthiaume & Co.*

Berthiaume & Company  
Certified Public Accountants

May 2, 2007